

**Department of Personnel Administration
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Update – State Income Tax – Age 24-25 Health and Dental Plan Dependents	REFERENCE NUMBER: 2011-012
DATE ISSUED: 04/21/2011	SUPERSEDES:

This memorandum should be forwarded to:

Employee Benefit Officers
Personnel Officers
Personnel Transactions Staff
Personnel Transactions Supervisors

FROM: Department of Personnel Administration
Benefits Division

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Legislation enacted subsequent to the issuance of PML 2011-001 resulted in a change to the information we shared in January.

To recap, in 2010, federal legislation extended the federal income tax exclusion for employer-sponsored medical benefits to include dependent children to age 27. During the last legislative session, California State income tax rules were not changed to conform, so we advised that employees who enrolled age 24–25 dependents during open enrollment, or whose dependents reach age 24, may incur additional state income tax liability beginning January 1, 2011.

On April 7, 2011, AB 36 was enacted which conforms California State income tax rules to the federal extension of the dependent eligibility age. This change is effective immediately and is retroactive to January 1, 2011. As a result, employees are no longer potentially subject to additional state income tax liability for age 24–25 dependent health and dental coverage.

/s/ Greg Beatty

Greg Beatty, Chief
Benefits Division